

ANNEX A

INTERNATIONAL ENVIRONMENTAL GUIDELINES

Introduction

The international guidelines generally applicable to projects financed by Ex-Im Bank are as follows:

For Private Sector Projects¹

The International Finance Corporation's (IFC) Performance Standards on Social & Environmental Sustainability (as defined in its eight Performance Standards), supplemented by the IFC Environmental Health and Safety (EHS) Guidelines.

For Public Sector Projects (Sovereign Risk)

The World Bank Safeguard Policies (as defined in its ten Operational Policies), supplemented by the IFC Environmental Health and Safety Guidelines.

For Projects co-financed with Multilateral Development Banks:

For those projects in which the European Bank for Reconstruction and Development (EBRD), the African Development Bank, the Asian Development Bank or the Inter-American Development Bank are involved, Ex-Im Bank may apply the guidelines, in whole or in part, of the respective Multilateral Development Bank (MDB) to the project in order to facilitate U.S. exporter participation in these projects. In the case of conflict between the MDB guidelines and the applicable World Bank Group Guidelines, the more stringent guidelines will apply as determined by the E&E Division.

Fundamental Elements of Environmental Reviews:

The following ten elements summarize the intent and scope of the World Bank Safeguard Policies (Operational Policies) and the IFC Performance Standards. The elements can serve as a guide to project participants to enable them to establish an environmental framework that will facilitate their task of addressing those specific international guidelines that are applicable to a project.

1. *Air Quality.* Protect air quality through available technologies and good practices by controlling or reducing emissions to quantitative limits set forth in the applicable international guidelines.
2. *Water Use and Quality.* Protect fresh, marine and groundwater resources from project-related over demand and contamination through the efficient use of water and through the use of methods to control and treat project effluent discharges to quantitative limits set forth in the applicable international guidelines.

¹ Required Guidelines for Projects Structured as Limited Recourse Project Finance, and recommended for Projects structured as corporate risk. *Applicant/Buyers involved in private sector projects structured as corporate risk have the option of electing compliance with the Guidelines for Public Sector Projects.*

3. *Waste Management.* Management, recycling, storage, treatment and disposal of solid, hazardous and toxic materials and wastes, in accordance with provisions of the applicable international guidelines.
4. *Natural Hazards.* Design and locate the project so as to reduce environmental risks from natural hazards, in accordance with good engineering practices such as designing to seismic criteria, and in accordance with the provisions of the applicable international guidelines.
5. *Ecology.* Protect ecological resources and biodiversity, encourage conservation, and support the protection and restoration of critical natural habitats containing threatened, endangered and rare species, in accordance with the provisions of the applicable international guidelines.
6. *Involuntary Resettlement, Indigenous Peoples, Cultural Property.* Develop the project to reduce or mitigate the effects of involuntary resettlement, adverse impacts to indigenous peoples and adverse impact to cultural property in accordance with the provisions of the applicable international guidelines.
7. *Noise.* Control and reduce the level of noise from projects to quantitative limits set forth in applicable international guidelines.
8. *Working Conditions.* Establish controls to promote safe working conditions, the fair treatment of workers and to address child and forced labor situations in accordance with host country labor and employment laws and the provisions of the applicable international guidelines.
9. *Community Health and Safety.* Establish measures and plans to avoid or minimize adverse project-related impacts on the health, safety and security of the local community during the construction and operation of the project, in accordance with applicable international guidelines.
10. *Global Climate.* Promote measures to reduce the emission of carbon dioxide and other greenhouse gases that may contribute to changes in global climate.

There are three “Tables” provided in this Annex that set forth the specific environmental requirements against which Ex-Im Bank will evaluate a project’s environmental effects.

Table 1: Environmental Guidelines for Private Sector Category A Projects
Table 2: Environmental Guidelines for Public Sector Category A Projects
Table 3: Environmental Guidelines for Category B Projects

These Tables cover projects associated with all industrial sectors. Questions relating to the environmental guidelines applicable to a particular project should be addressed to Ex-Im Bank’s Engineering and Environment Division.

TABLE 1

Environmental Guidelines for Private Sector Category A Projects

Note: Application of the following Guidelines is **Required** for Category A projects structured as limited recourse project finance. They also are **Recommended** for Category A projects structured as corporate risk, although applicants/buyers involved in such projects have the option of instead complying with the Guidelines listed in Table II.

Consistent with the OECD Common Approaches, Category A projects that are structured as project finance transactions will be evaluated using the Performance Standards on Social and Environmental Sustainability (Performance Standards) of the International Finance Corporation (IFC), and the IFC Environmental Health and Safety Guideline (EHS Guidelines) applicable to the underlying sector of the project.

Ex-Im Bank recommends that Category A projects structured as corporate risk also be evaluated using these IFC Performance Standards and EHS Guidelines, though applicants and/or buyers involved in corporate risk projects have the option of electing compliance with the guidelines listed in Table II.

If Ex-Im Bank identifies an operational link or facility associated with the project and determines that the identified operations should be included within the scope of the environmental evaluation, it will inform the project as to the identity of the associated operations, the nature of the environmental information about the facility that is required, and the guidelines that will be used in evaluating the associated operations.

The applicant shall prepare and submit to Ex-Im Bank an Environmental Impact Assessment (EIA) as described in Annex E of the project (and associated operations, if required) as well as other environmental information sufficient to show compliance with the applicable Performance Standards and EHS Guidelines described in this Table. This information will enable Ex-Im Bank to evaluate the project's level of compliance with host country environmental guidelines as well as the applicable IFC Performance Standards and EHS Guidelines. Information about the IFC Performance Standards and EHS Guidelines is presented below:

The Performance Standards of the IFC

The IFC Performance Standards apply to private sector projects and provide foreign buyers and project participants with instruments to structure, design, construct and manage the operations of projects in an environmentally and socially acceptable manner, while providing measures to avoid or mitigate adverse environmental and social impacts resulting from the projects. These Performance Standards are intended to focus on outcomes rather than process, thereby stressing the implementation of sound environmental and social management systems that achieve desired outcomes, including the mitigation of adverse impacts.

There are eight IFC Performance Standards:

- Social & Environmental Assessment and Management Systems

- Labor and Working Conditions
- Pollution Prevention and Abatement
- Community Health and Safety
- Land Acquisition and Involuntary Resettlement
- Biodiversity Conservation and Sustainable Natural Resource Management
- Indigenous Peoples
- Cultural Heritage

Copies of the full text of the IFC Performance Standards are available from Ex-Im Bank, the IFC, or at: <http://www.ifc.org/ifcext/enviro.nsf/Content/PerformanceStandards>.

In order to assist users in understanding the scope and content of the IFC Performance Standards, Ex-Im Bank's Engineering & Environment Division has prepared a summary of the objectives and requirements of each Standard. In the case of ambiguity between the following summaries and the official language of the respective Performance Standards set forth by the IFC, the language of the IFC will prevail. Ex-Im Bank's Engineering & Environment Division will decide on a case-by-case basis the appropriate application of the IFC Performance Standards to a particular project in consultation with the transaction parties, in a manner consistent with Ex-Im Bank's Charter.

Performance Standard #1: Social & Environmental Assessment and Management Systems

Objectives:

- a) Identify and assess environmental and social impacts in the project's area of influence
- b) Avoid, minimize, mitigate or compensate for adverse impacts
- c) Ensure that affected communities are engaged on issues that may affect them
- d) Promote improved environmental and social performance through effective management systems

Major Requirements:

- Conduct an Environmental and Social Impact Assessment (ESIA or EIA)² of the project, appropriate to the nature of the project's environmental and social risks and potential impacts, to include issues identified in Performance Standards 2 through 8.
- Establish Environmental and Social Management Plans commensurate with the findings of the ESIA and consultation with affected communities.
- Establish Action Plans where specific mitigation measures and actions are required for the project to comply with applicable laws, regulations and the requirements of these Performance Standards.
- Provide organizational capacity and contractor/employee training to enable project to achieve continuous environmental and social performance
- Establish and maintain a timely process of community engagement, including a grievance mechanism, focusing on disclosure of information and consultation with local communities affected by project risks or adverse impacts that is free from external manipulation, interference or coercion to ensure relevant and understandable access to project information.

² Note: The IFC Performance Standards refer to this document as an "ESIA" – this is the same document as the Environmental Impact Assessment (EIA) required by Ex-Im Bank for Category A projects. For consistency, ESIA, the IFC terminology, will be used in this summary.

- Establish procedures to monitor and measure the effectiveness of the environmental and social management program, including internal reporting of the program's effectiveness to the project's senior management, disclosure of Action Plans (including material changes to such Plans) to affected communities, and external reporting to affected communities on the results of Action Plans, commensurate with the concerns of the affected communities.

Performance Standard #2: Labor and Working Conditions

Objectives:

- a) Establish, maintain and improve the worker-management relationship
- b) Promote fair treatment and equal opportunity for workers, in compliance with national laws
- c) Protect workforce by addressing child labor and forced labor
- d) Promote safe working conditions and protect/promote the health of workers

(Refer to the text of IFC Performance Standard#2 for definitions of the term "workers" and the scope of its applicability to employees related to the project.)

Major Requirements:

- Establishment of a Human Resources Policy consistent with the requirements of this Standard that informs employees of their rights under national labor and employment laws
- Document and communicate to all employees conditions and terms of employment
- Respect collective bargaining agreements with worker organizations and provide reasonable conditions and terms of employment that, at a minimum, comply with national law, and enable alternative means for worker expression of grievances where national law restricts worker organizations
- Practice non-discrimination and equal opportunity in making employment decisions
- Provide a mechanism for workers to raise workplace concerns
- Protect the workforce from forced labor and illegal or economically exploitative child labor
- Provide workers with a safe and healthy work environment, taking into account risks inherent to the particular project sector.

Performance Standard #3: Pollution Prevention and Abatement

Objectives:

- a) Avoid or minimize pollution from project activities to avoid or minimize adverse impacts on the environment and human health
- b) Promote the reduction of emissions that may contribute to climate change

Major Requirements:

- Consider ambient conditions over the project cycle and apply pollution prevention and control technologies & practices that are best suited to avoid, minimize or reduce adverse impacts on human health and the environment, consistent with good industry practice

- Avoid, or where unavoidable, control the intensity of the release of pollutants, and include measures to control their accidental release.
- Avoid or minimize the generation of hazardous waste, and where such generation is unavoidable recover and reuse to the extent possible or treat, destroy or dispose of it in an environmentally sound manner.
- Avoid, or where unavoidable, minimize or control the release of hazardous wastes. Avoid the manufacture, trade or use of chemicals or hazardous materials subject to international bans or phase-outs.
- Establish plans and make preparations to respond to process upset, accidental and emergency situations in a manner appropriate to the operational risks and the need to prevent potential negative consequences.
- Refer to the Environmental Health and Safety Guidelines (EHS) of the IFC that is appropriate to the project sector to evaluate and select pollution prevention and control techniques and to determine emission and effluent levels that are normally acceptable to the project. If, due to specific project circumstances, alternative levels that deviate from the EHS or host Country levels are selected, a full and detailed justification for any proposed alternatives is required.
- Address adverse project impacts on existing ambient conditions such as land use, proximity to ecologically sensitive or protected areas, the capacity of the air and water to absorb incremental pollutants while remaining at an acceptable level, and the potential for cumulative impacts with uncertain consequences. In addition, promote strategies to avoid or minimize the release of pollutants and improve ambient conditions when project produces significant emissions in an already degraded area.
- Promote the reduction of project-related greenhouse gas emissions in a manner appropriate to the nature and scale of the project operations and impact. Annually quantify and monitor GHG emissions, and evaluate options to reduce or offset project related GHG emissions.
- Formulate and implement an integrated pest management program for pest management activities, including selection of pesticides that are low in human toxicity and design of an application regime to minimize damage to natural enemies and prevent the development of resistance in pests.

Performance Standard #4: Community Health & Safety

Objectives:

- a) Avoid or minimize the risks to, and impacts on, the health and safety of the local community over the project life cycle, from both routine and non-routine circumstances.
- b) Ensure that the safeguarding of personnel and property is carried out in a legitimate manner that avoids or minimizes risks to the community's safety and security.

Requirements:

- Evaluate risks and impacts of the project to the health and safety of affected communities, from design through decommissioning and establish preventive measures to address them in a manner commensurate with the identified risks and impacts.
- Disclose Action Plans and other relevant information to affected communities and government agencies to enable them to understand the risks and impacts while engaging them on this matter on an ongoing basis.

- Design, construct, operate and decommission the project's structural elements in accordance with good international industry practice with particular consideration to exposure to natural hazards. In cases of dams or ash ponds situated in high-risk locations, engage an independent expert to conduct a review of the structure design early in the project stage. Take measures to ensure safety and prevent accidents when moving equipment on public roads.
- Prevent or minimize the potential for community exposure to hazardous materials that may be released by the project, and exercise commercially reasonable efforts to control the safety of hazardous raw materials and the transportation and disposal of wastes.
- Avoid or minimize the exacerbation of impacts caused by natural hazards, such as landslides or floods from land use changes due to project activities. Avoid or minimize impacts of project activities on soil, water and other natural resources in use by the affected communities.
- Prevent or minimize the potential for community exposure to water-borne, water-related, or vector-borne disease and other communicable diseases resulting from project activities or associated with the influx of project labor. Where specific diseases are endemic in communities in the project area, explore opportunities to improve environmental conditions that could reduce their incidence.
- Assist the community in preparing to respond effectively to emergency situations. Where local governments lack the capacity to respond effectively, assume an active role in preparing for and responding to project related emergencies. Document emergency procedures and responsibilities and disclose in the Action Plan.
- Assess risks to those within and outside the project site posed by arrangements with employees or contractors providing security to safeguard personnel and property. Investigate security forces to ensure they are not implicated in past abuses, provide them with adequate training with respect to conduct towards project workers and the local community.
- Investigate any credible allegations of unlawful or abusive acts of security personnel, take action to prevent recurrence, and report unlawful and abusive acts to public authorities when appropriate.

Performance Standard #5: Land Acquisition and Involuntary Resettlement

Objectives:

- a) Avoid or minimize involuntary resettlement whenever feasible by exploring alternative project designs.
- b) Mitigate adverse social and economic impacts by providing compensation for loss of assets at replacement cost and ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation and informed participation of those affected.
- c) Improve or at least restore livelihoods and living standards of displaced persons.
- d) Improve living conditions among displaced persons through provision of adequate housing with security of tenure at resettlement sites.

Requirements:

- Consider feasible alternative project designs to avoid or at least minimize physical or economic displacement while balancing environmental, social and financial costs and benefits.

- Offer displaced persons and communities compensation for loss of assets at full replacement cost and assistance to improve or at least restore their living standards or livelihoods. Compensation standards will be transparent and consistent within the project. If land based, or where land is collectively owned, offer land-based compensation where feasible, and provide opportunities to displaced persons and communities to derive appropriate development benefits from the project.
- Following full disclosure, consult with and facilitate the informed participation of affected persons and communities in decision making processes related to resettlement. Consultation during implementation, monitoring and evaluation of compensation payment and resettlement will continue to achieve outcomes consistent with objectives.
- Establish a grievance mechanism to receive and address specific concerns about compensation and relocation raised by displaced persons or members of host communities, including a recourse mechanism to resolve disputes in an impartial manner.
- Where involuntary resettlement is unavoidable, carry out a census with socio-economic baseline data to identify persons who will be displaced, determine eligibility for compensation and assistance, and discourage inflow of people ineligible for these benefits. In the absence of local government procedures, establish a cut-off date for eligibility, and document and disseminate through the project area information regarding the cut-off date.
- Develop a Resettlement Action Plan for acquisition of land through the exercise of eminent domain or through negotiated settlements involving physical displacement of people that is based on a Social and Environmental Assessment regardless of the number of people affected, consistent with the requirements set forth in the language of Paragraph 12 of the IFC's Performance Standard #5.
- For negotiated settlements involving economic displacement, develop procedures to offer affected people and communities compensation and other assistance, consistent with the requirements set forth in the language of Paragraph 13 of the IFC's Performance Standard #5.
- In the case of physical displacement, offer displaced persons choices among feasible resettlement options, including adequate housing or cash compensation where appropriate prior to relocation, and provide relocation assistance suited to the needs of each group, with particular attention to the poor and vulnerable. New resettlement sites will offer improved living conditions.
- In the case of displacement of persons having no recognizable legal right or claim to the land they occupy, offer them a choice of options for adequate housing with security of tenure enabling them to resettle legally without the subsequent risk of forced eviction. Provide these persons with compensation for occupied structures and other improvements to the land at full replacement provided they occupy the land prior to the eligibility cut-off date.
- In the case of physical displacement of communities of indigenous peoples from their communally held traditional or customary lands under use, meet the applicable requirements of this Standard as well as those of Performance Standard 7.
- Compensate persons facing loss of income or livelihood (economic displacement) regardless of whether they are physically displaced in accordance with the requirements set forth in the text of Paragraph 20 and 21 of the IFC Performance Standard #5.
- In the case of host government-managed resettlement, collaborate with the responsible government agency to achieve outcomes consistent with the objectives set forth in the official text of Paragraphs 22 through 25 of Performance Standard #5.

Performance Standard #6: Biodiversity Conservation and Sustainable Natural Resource Management

Objectives:

- a) Protect and conserve biodiversity
- b) Promote sustainable management and the use of natural resources through the adoption of practices that integrate conservation needs and development priorities

Requirements:

- Assess the significance of project impacts on all levels of biodiversity as an integral part of the ESIA process, taking into account the differing values attached to biodiversity by specific stakeholders, and identify impacts on ecosystem services. The assessment will focus on the major threats to biodiversity, which include habitat destruction and invasive species. Retain qualified and experienced external experts to assist in conducting the Assessment as required below.
 - In areas of modified habitat, exercise care to minimize conversion or degradation of such habitat while identifying opportunities to enhance habitat and protect and conserve biodiversity as part of operations.
 - In areas of natural habitat, the project will not significantly convert or degrade such habitat unless there are no technical and financially feasible alternatives, or unless the overall benefits of the project outweigh the costs, including those to the environment and biodiversity and unless conversion or degradation is appropriately mitigated.
 - In areas of natural habitat, mitigation measures will be designed to achieve no net loss of biodiversity where feasible and may include post-operation restoration of habitats, offsets of losses through the creation of ecologically comparable areas managed for biodiversity, and/or compensation to direct users of biodiversity.
 - In areas of critical habitat (as defined in the official text of Paragraph 9 of Performance Standard #6), no project activities will be implemented unless there are no measurable adverse impacts on the ability of the critical habitat to support the established population of critically endangered or endangered species, and activities result in no reduction in the population of any such species, and mitigation measures are taken to address lesser impacts.
 - In addition to the requirements noted above for critical habitat, where the project is located in a legally protected area, consult protected area sponsors and managers, local communities and other key stakeholders on the proposed project, proceed in a manner consistent with the defined area management plans, and implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected areas.
 - Do not intentionally introduce any new alien species unless this is carried out in accordance with the existing regulatory framework for such introduction or is subject to a risk assessment (as part of the ESIA) to determine the potential for invasive behavior. Do not deliberately introduce any alien species having a high risk of invasive behavior or of any known invasive species, while exercising diligence to prevent accidental introductions.
 - Manage renewable natural resources in a sustainable manner, and where possible, demonstrate the sustainable management of the resources through an appropriate system of independent certification.

- Projects involved in natural forest harvesting or plantation development will not cause any conversion or degradation of critical habitat. Locate such plantation projects on un-forested land or land already converted. Also, ensure that all natural forests and plantations are independently certified as meeting performance standards compatible with internationally accepted principles and criteria for sustainable forest management. If it is determined that the operation does not yet meet the requirements of such an independent forest certification system, develop and adhere to a time-bound, phased action plan for achieving such certification.
- Projects involved in the production and harvesting of fish populations or other aquatic species must demonstrate that their activities are being undertaken in a sustainable manner, through application of an internationally accepted system of independent certification or through appropriate studies carried out in conjunction with the ESIA.

Performance Standard 7: Indigenous Peoples

Objectives:

- a) Ensure that the process fosters full respect for the dignity, human rights, aspirations, cultures and natural resource-based livelihoods of indigenous peoples.
- b) Avoid adverse impacts of projects on communities of indigenous peoples or when avoidance is not feasible, minimize, mitigate or compensate for such impacts, while providing opportunities for development benefits in a culturally appropriate manner.
- c) Establish and maintain an ongoing relationship with indigenous peoples affected by a project throughout the life of the project.
- d) Foster good faith negotiation based on informed participation with indigenous peoples when projects are located on traditional or customary lands under use by those peoples.
- e) Respect and preserve the culture, knowledge and practices of indigenous peoples.

Requirements:

- Identify, through the ESIA process, all communities of indigenous peoples who may be affected by the project within the project's area of influence as well as the nature and degree of the expected (though unavoidable) social, cultural and environmental impacts on them.
- If unavoidable, minimize, mitigate or compensate for identified impacts in a culturally appropriate manner. Develop proposed action with informed participation and contained in a time-bound Indigenous Peoples Development Plan, or a broader community development action plan with separate components for indigenous peoples.
- Establish an ongoing relationship with the affected communities of indigenous peoples from early design through the life of the project. In projects with adverse impacts on such peoples, the consultation process will ensure their free, prior and informed consultation and facilitate their informed participation on matters directly affecting them, such as proposed mitigation measures, the sharing of development benefits and implementation issues. The process of engagement will be culturally appropriate and commensurate with the risks and potential impacts to the indigenous peoples, and will include involvement of indigenous peoples' representative bodies (councils of elders, etc.), will include both women and men of various age groups as culturally appropriate, will provide sufficient time for collective decision-making by the peoples, will facilitate the peoples' expression of views, concerns and proposals in the language of their choice, without manipulation or coercion, and will ensure that the

project grievance mechanism is culturally appropriate and accessible for the indigenous peoples.

- Seek to identify through the process of free, prior and informed consultation, opportunities for culturally appropriate development benefits, commensurate with the degree of project impacts with the aim of improving their standard of living and fostering the long-term sustainability of the natural resource on which they depend.
- Address any identified “Special Requirements” for indigenous peoples as set forth in the text of paragraphs 11 through 13 of the IFC’s Performance Standard #7.
- Consider feasible alternative project designs to avoid any relocation of indigenous peoples from their community held traditional or customary lands under use. If such relocation is unavoidable, the client will not proceed with the project unless it enters into a good faith negotiation with the affected communities of indigenous peoples and documents their informed participation and the successful outcome of negotiations. (Any relocation will be consistent with the Resettlement Planning and Implementation requirements of Performance Standard #5, and the relocated indigenous peoples should be able to return to their traditional or customary lands should the reasons for their relocation cease to exist.
- Where the project uses or proposes to use the cultural resources, knowledge, innovations or practices of indigenous peoples for commercial purposes, apply the requirements set forth in the text of paragraph 15 of the IFC’s Performance Standard #7.

Performance Standard #8: Cultural Heritage

Objectives:

- a) Protect cultural heritage from the adverse impacts of project activities and support its preservation
- b) Promote the equitable sharing of benefits from the use of cultural heritage in business activities

Requirements:

- Comply with relevant national law on protection of cultural heritage, including national law implementing the host country’s obligations under the Convention Concerning the Protection of the World Cultural and Natural Heritage and other relevant international laws, and protect and support cultural heritage by undertaking internationally recognized practices for the protection, field-based study and documentation of cultural heritage. Retain qualified experts to assist in the ESIA where required, based on the requirements which follow.
- The project site selections and design will be undertaken to avoid significant damage to cultural heritage. Where the project location is expected to be within an area where cultural heritage is found, either during construction or during operations, chance find procedures must be established through the ESIA. Findings will not be disturbed until an assessment by a competent specialist is made and actions are identified consistent with the requirements of this Performance Standard.
- Where a project may affect cultural heritage, consult with affected communities who use, or have used within living memory, the cultural heritage for longstanding cultural purposes to identify cultural heritage of importance, and incorporate into the decision-making process the views of the affected communities. Consultation will also extend to relevant national or local regulatory agencies entrusted with the protection of cultural heritage.

- No removal of cultural heritage is permitted unless there are no technically or financially feasible alternatives or the overall benefits of the project outweigh the anticipated cultural heritage loss. Any removal of cultural heritage will be conducted by the best available technique.
- In the case of critical heritage (internationally recognized heritage of communities who use, or have used within living memory, the cultural heritage for long standing cultural purposes) such heritage will not be significantly altered, damaged or removed. In exceptional cases, where a project may significantly damage such heritage and the damage or loss may endanger the cultural or economic survival of communities within the host country, consult with the affected communities, conduct good faith negotiation and document the successful outcome. Any other impacts on such heritage must be appropriately mitigated with informed participation of the affected communities.
- In the case of legally protected cultural heritage where the project is located within a legally protected area or defined buffer zone, in addition to the requirements stated above for critical cultural heritage, the project will comply with defined national or local cultural heritage regulations of the protected area management plans; consultation will be undertaken with area sponsors and manager, local communities and other key stakeholders on the proposed project, and additional programs will be implemented to promote and enhance the conservation aims of the protected area.
- Where a project proposes to use cultural resources, knowledge, innovations or practices of local communities for commercial purposes, follow the requirements set forth in the text of paragraph 11 of the IFC's Performance Standard #8.

IFC Environmental Health and Safety (EHS) Guidelines

The EHS Guidelines of the IFC are intended to supplement the Performance Standards. They provide technical references with general and industry-specific examples of Good International Industry Practices as defined in Performance Standard #3, on Pollution Prevention and Abatement. The EHS Guidelines can be downloaded at:

<http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines>

The EHS Guidelines contain environmental performance levels and measures for projects in various industrial sectors that are considered to be achievable in new facilities at reasonable costs using existing technology. The ESIA process may recommend alternative levels or measures, which, if acceptable to Ex-Im Bank, become project requirements. When host country regulations differ from the levels and measures presented in the EHS Guidelines, projects are expected to achieve whichever is more stringent. If less stringent levels or measures are proposed in view of project circumstances, a full and detailed justification for any proposed alternatives is required as part of the site-specific environmental assessment, demonstrating that selection of the alternative performance level is protective of human health and the environment.

Ex-Im Bank's Engineering & Environment Division will decide on a case-by-case basis the appropriate application of the EHS Guidelines to a particular project in consultation with the transaction parties, in a manner consistent with Ex-Im Bank's Charter.

The following is a list of the various EHS Guidelines:

I: General EHS Guidelines

The General EHS Guidelines contain information on cross-cutting environmental, health, and safety issues potentially applicable to all industry sectors. They are designed to be used together with the relevant industry sector guideline(s) that are listed below.

1. Environmental (air emissions, ambient air quality, wastewater and ambient water quality, hazardous materials management, waste management, noise, etc.)

2. Occupational Health and Safety (general facility design & operation, communications & training, physical hazards, chemical hazards, biological hazards, radiological hazards, personal protective equipment, special hazard environments, monitoring, etc.)

3. Community Health and Safety (water quality and availability, structural safety of project infrastructure, life and fire safety, traffic safety, transport of hazardous materials, disease prevention, emergency preparedness & response, etc.)

4. Construction and Decommissioning (environment, occupational health & safety, community health & safety)

II: Industry Sector Guidelines

Forestry

[Board and Particle-based Products](#)
[Sawmilling and Wood-based Products](#)
[Forest Harvesting Operations](#)
[Pulp and Paper Mills](#)

Agribusiness/Food Production

[Mammalian Livestock Production](#)
[Poultry Production](#)
[Plantation Crop Production](#)
[Annual Crop Production](#)
[Aquaculture](#)
[Sugar Manufacturing](#)
[Vegetable Oil Processing](#)
[Dairy Processing](#)
[Fish Processing](#)
[Meat Processing](#)
[Poultry Processing](#)
[Breweries](#)
[Food and Beverage Processing](#)

General Manufacturing

[Cement and Lime Manufacturing](#)
[Ceramic Tile and Sanitary Ware Manufacturing](#)
[Glass Manufacturing](#)
[Construction Materials Extraction](#)
[Textiles Manufacturing](#)
[Tanning and Leather Finishing](#)
[Semiconductors and Electronics Manufacturing](#)
[Printing](#)
[Foundries](#)
[Integrated Steel Mills](#)
[Base Metal Smelting and Refining](#)
[Metal, Plastic, Rubber Products Manufacturing](#)

Oil and Gas

[Offshore Oil and Gas Development](#)
[Onshore Oil and Gas Development](#)
[Liquefied Natural Gas \(LNG\) Facilities](#)

Infrastructure

[Tourism and Hospitality Development](#)
[Railways](#)
[Ports, Harbors and Terminals](#)
[Airports](#)
[Airlines](#)
[Shipping](#)
[Gas Distribution Systems](#)
[Toll Roads](#)
[Telecommunications](#)
[Crude Oil and Petroleum Product Terminals](#)
[Retail Petroleum Networks](#)
[Health Care Facilities](#)
[Waste Management Facilities](#)
[Water and Sanitation](#)

Chemicals

[Pharmaceuticals and Biotechnology Manufacturing](#)
[Coal Processing](#)
[Natural Gas Processing](#)
[Oleochemicals Manufacturing](#)
[Nitrogenous Fertilizer Manufacturing](#)
[Phosphate Fertilizer Manufacturing](#)
[Pesticides Formulation, Manufacturing and Packaging](#)
[Petroleum-based Polymers Manufacturing](#)
[Petroleum Refining](#)
[Large Volume Petroleum-based Organic Chemicals Manufacturing](#)
[Large Volume Inorganic Compounds Manufacturing and Coal Tar Distillation](#)

Mining

[Mining](#)

Power

[Wind Energy](#)
[Geothermal Power Generation](#)
[Electric Power Transmission and Distribution](#)
[Thermal Power](#)

TABLE 2

**Environmental Guidelines for Public Sector Category A Projects
(Government and Parastatal Buyers)**

Note: Application of the following Guidelines is **Required** for Public Sector, Category A projects (those having a government or parastatal buyer). They also are **optional** for private sector Category A projects structured as corporate risk, although it is recommended that applicants/buyers involved in such projects instead comply with the Guidelines listed in Table 1.

Consistent with the OECD Common Approaches, public sector Category A projects (projects having government or parastatal buyers) will be evaluated using host country standards and the relevant aspects of all ten Operational Safeguard Policies (Operational Policies) of the World Bank and the Environmental Health and Safety Guidelines (EHS Guidelines) of the International Finance Corporation.

If Ex-Im Bank identifies an operational link or facility associated with the project and determines that the identified operations should be included within the scope of the environmental evaluation, it will inform the project as to the identity of the associated operations, the nature of the environmental information about the operations that it requires and the guidelines that will be used in evaluating the associated operations.

The applicant shall prepare and submit to Ex-Im Bank an Environmental Impact Assessment (EIA) of the project (and associated operations, if required) as described in Annex E as well as other environmental information sufficient to show compliance with the applicable Operational Policies and EHS Guidelines described in this Table. This information will enable Ex-Im Bank to evaluate the project's level of compliance with host country environmental guidelines as well as the applicable World Bank Operational Policies and EHS Guidelines. Information about the Operational Policies and the EHS Guidelines is presented below:

The World Bank Operational Policies

The World Bank has established ten safeguard policies that address the various elements of the environmental evaluation process for projects. These policies are referred to as Operational Policies (OPs) and are formulated to apply mainly to projects that are government or state owned. The OPs provide foreign buyers and project participants with the information necessary to structure, design, construct and operationally manage projects in an environmentally and socially acceptable manner, while describing measures to avoid or mitigate adverse environmental and social impacts resulting from the projects.

Following is a list of the ten World Bank Operational Policies:

- OP 4.01 – Environmental Assessment
- OP 4.04 – Natural Habitats
- OP 4.09 – Pest Management
- OP 4.10 – Indigenous Peoples

OP 4.11 – Physical Cultural Resources
OP 4.12 – Involuntary Resettlement
OP 4.36 – Forests
OP 4.37 – Safety of Dams
OP 7.50 – Projects on International Waterways
OP 7.60 – Projects in Disputed Areas

Copies of the full text of these Operational Policies are available from Ex-Im Bank, the World Bank, or they can be downloaded at: <http://go.worldbank.org/WTa1ODE7T0>.

In order to assist users in understanding the scope and content of the World Bank Operational Policies, Ex-Im Bank's Engineering & Environment Division has prepared a summary of the requirements associated with each Operational Policy. In the case of ambiguity between the following summaries and the official language of the respective Operational Policy as set forth by the World Bank, the language of the World Bank will prevail. Ex-Im Bank's Engineering & Environment Division will decide on a case-by-case basis the appropriate application of the Operational Policies to a particular project in consultation with the transaction parties in a manner consistent with Ex-Im Bank's Charter.

OP 4.01 – Environmental Assessment

Annex B of OP 4.01 sets forth the following requirements for an Environmental Assessment (EA), Environmental Impact Assessment (EIA) or Environmental and Social Impact Assessment (ESIA).³ The content of the Assessment should focus on the significant environmental (and related social) issues of the project, and its scope and level of detail should be commensurate with the project's potential impacts.

The Assessment should include the following:

- a) An Executive Summary that concisely discusses significant findings and recommended actions.
- b) A discussion of the policy, legal and administrative framework within which the EIA is carried out, with explanations of environmental requirements of other lenders and the identification of relevant international environmental agreements to which the country is a party.
- c) A concise description of the project, its geographic location (with maps) and area of influence as well as its ecological, social and temporal context and descriptions of related facilities (access roads, water supply, housing) associated with the project. The need for any resettlement plan or indigenous peoples' development plan should also be included.
- d) Baseline data that assesses the dimension of the study area and describes relevant physical, biological and socioeconomic conditions. Data sourcing should be referenced.
- e) Assessment of the project's potential positive and negative environmental impacts, as well as identified measures to mitigate negative impacts and opportunities for environmental enhancements.

³ Note: The World Bank OP 4.01 refers to this document as an "EA" – this is the same document as the Environmental Impact Assessment (EIA) required by Ex-Im Bank for Category A projects, and the Environmental and Social Impact Assessment (ESIA) referenced by the IFC and others. For consistency, EIA, the terminology used by Ex-Im Bank, will be used in this summary.

- f) An analysis of alternatives that systematically compares feasible alternatives to the project site, its technology, design and operation, including the “no-project” alternative, in terms of the environmental impacts and feasibility of impact mitigation, the costs and basis for selecting the particular project design, justification for emission and effluent levels and recommended measures for pollution abatement.
- g) An Environmental Management Plan (EMP) or Environmental and Social Management Plan (ESMP) that covers mitigation measures and project monitoring. The EMP must be finalized before project construction commences. (see below)
- h) The EIA should include appendices containing 1) information on the authors of the EIA, 2) references of written materials used in the study preparation, 3) records of all consultation meetings, including those for obtaining the informed views of affected people and local nongovernmental organizations (NGOs), survey records, etc., 4) tables presenting relevant data referred to or summarized in the EIA text, and 5) a listing of associated reports (e.g. resettlement plan, indigenous peoples development plan, etc.)

The Environmental Management Plan (EMP) should include the following:

- a) The set of feasible and cost-effective mitigation measures to reduce potentially significant adverse environmental impacts to acceptable levels and compensatory measures if mitigation measures are not feasible, cost effective or sufficient.
- b) Linkage to other required mitigation plans (involuntary resettlement plan, etc)
- c) A monitoring plan identifying objectives and specifics that provides information about key project environmental aspects to enable the buyer and lenders to evaluate the success of mitigation as part of project supervision, while allowing for corrective action to be taken as needed. The monitoring framework should provide specific details of monitoring measures, the parameters to be measured, methods used, sampling locations, frequency of measurements, detection limits, definition of thresholds that will signal the need for corrective actions and reporting procedures to ensure early detection of conditions that require mitigation while furnishing information on the progress and results of mitigation.
- d) Information on capacity development and training, identifying the entity responsible for carrying out mitigation measures and monitoring, and any information to strengthen environmental management capability in the agencies responsible for implementation such as technical assistance programs.
- e) Cost and scheduling estimates for mitigation, monitoring and capacity development.
- f) Integration of the EMP into the overall project planning, design, budget and implementation so that the EMP will receive adequate funding and supervision.

OP 4.04 – Natural Habitats

- a) Projects should be designed to integrate into national and regional development the conservation of natural habitats and the maintenance of ecological functions, while promoting the rehabilitation of degraded natural habitats.
- b) Projects that involve the significant conversion or degradation of critical natural habitats will not be supported.
- c) Projects that involve the significant conversion or degradation of natural habitats will not be supported unless there are no feasible alternatives for the project and its siting, and comprehensive analysis demonstrates that overall benefits from the project substantially

outweigh the environmental costs. When the EIA indicates that a project would significantly convert or degrade natural habitats, it must include acceptable mitigation measures (minimize habitat loss, post-development restoration, offsets, etc.)

- d) When the potential for adverse impacts on a natural habitat are identified, the borrower's ability to implement the appropriate conservation and mitigation measures will be evaluated, and if necessary, institutional capacity building measures at the national and local level may be required.
- e) For projects involving natural habitat components, adequate expertise should be engaged for project preparation and supervision to ensure adequate design and implementation of mitigation measures.
- f) For projects impacting natural habitat, borrowers should take into account the views, roles and rights of groups, including NGOs and local communities affected by the project, and involve them in the planning, design, implementation and monitoring of the project. Involvement may include managing protected areas, identifying certain conservation measures, monitoring and evaluating specific projects, etc.

OP 4.09 – Pest Management

- a) Strategies that promote the use of biological or environmental control methods and reduce reliance on synthetic chemical pesticides are supported.
- b) In projects that will involve pest management, the capacity of the country's regulatory framework and institutions to promote and support the safe, effective and environmentally sound application of pest management will be assessed.
- c) Pesticide procurement is contingent on an assessment of the nature and degree of associated risks, taking into account the proposed use and intended users. The following criteria apply: 1) they must have negligible adverse human health effects; 2) they must be shown to be effective against the target species; 3) they must have minimal effect on non-target species and the natural environment, and 4) Their use must take into account the need to prevent the development of resistance in pests.
- d) Pesticides must be manufactured, packaged, labeled, handled, stored, disposed of, and applied according to acceptable standards. For formulated products that fall into WHO classes IA or IB, or formulations of products in Class II, the host country must have restriction on their distribution and use, and must not be used by, or be accessible to, lay personnel, farmers or others without training, equipment and facilities to handle, store and apply the products properly.

OP 4.10 – Indigenous Peoples

- a) If indigenous peoples (indigenous ethnic minorities, aboriginals, hill tribes, minority nationalities, scheduled tribes, tribal groups) are present in, or have collective attachment to, the project area, a **Social Assessment** must be undertaken [acceptable to Ex-Im Bank] to evaluate the project's potential positive and adverse effects on the Indigenous Peoples, and to examine alternatives where adverse effects may be significant. The breadth, depth and type of analysis in the social assessment should be proportional to the nature and scale of the project's potential effects on the Indigenous Peoples.

- b) Where the project affects Indigenous Peoples, the borrower shall engage in free, prior and informed consultation with them. This includes: 1- establishment of an inclusive framework that provides opportunities for consultation at each stage of project preparation and implementation among the buyer, affected Indigenous Peoples' communities and local Civil Society Organizations identified by the peoples' communities; 2- use of consultation methods appropriate to the social and cultural values of the affected Indigenous Peoples' communities and their local conditions, giving special attention to the concerns of the women, youth and children and their access to development opportunities and benefits; and 3 – availability to the Indigenous Peoples' communities of all relevant information about the project (including an assessment of potential adverse effects of the project on the affected peoples' communities) in a culturally appropriate manner.
- c) If, on the basis of the Social Assessment and the results of the free, prior and informed consultation, the borrower ascertains that broad support for the project exists among the affected communities, the borrower should prepare a detailed report for Ex-Im Bank review that states the findings of the Social Assessment, describes the consultation process with the affected communities, notes additional measures that may be required to address adverse effects on indigenous peoples, states recommendations for free, prior and informed consent with, and participation by, the Indigenous Peoples' communities through the project's implementation and operations phase, and describes any formal agreements reached with Indigenous Peoples' communities and/or organizations of the Indigenous Peoples. Financial support for the project is contingent on Ex-Im Bank's finding that such support indeed exists for the project.
- d) The borrower shall prepare an Indigenous Peoples Plan (IPP). The IPP shall be prepared on the basis of the Social Assessment and in consultation with the affected Indigenous Peoples' communities, and shall set out the measures through which the borrower will ensure that 1) Indigenous Peoples affected by the project receive culturally appropriate social and economic benefits; and 2) when potential adverse effects on Indigenous Peoples are identified, those effects are avoided, minimized, mitigated or are the subject of compensation. Annex B to the World Bank's Operational Policy 4.10 contains further information on the preparation of an IPP.
- e) The borrower shall make the Social Assessment Report and a draft of the IPP available to the affected communities in an appropriate form, manner and language for review. Once accepted by Ex-Im Bank, it will make the copies of the final Report and Plan available to the public, with the Borrower making these documents available in the same manner as the earlier draft to the affected Indigenous Peoples' communities.
- f) If the project affects the ties of the Indigenous Peoples to land, forests, water, wildlife and other natural resources, particular attention shall be paid to 1) the customary rights of the Indigenous Peoples pertaining to lands or territories that they traditionally owned or customarily used or occupied and where access to natural resources is vital to the sustainability of their cultures and livelihoods, 2) the need to protect such lands and resources against illegal intrusion or encroachment, 3) the cultural and spiritual values that the people attribute to such lands and resources, and 4) their natural resource management practices and the long term sustainability of such practices.
- g) If the project involves activities that rely on establishment of legally recognized rights to (or the acquisition of) lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied, the IPP shall set forth an action plan to be carried out before project implementation, or concurrently with the project itself for the legal

recognition of such ownership, occupation or usage. The recognition may establish full legal recognition of existing customary land tenure systems of Indigenous Peoples or else convert customary usage rights to communal and/or individual ownership rights. If domestic law precludes such recognition or conversion of rights, the IPP should include measures for legal recognition of perpetual or long-term renewable custodial or use rights.

- h) If the project involves the commercial development of natural resources (minerals, hydrocarbons, forests, water or hunting/fishing grounds) on lands or territories owned, customarily used or occupied by Indigenous Peoples, the borrower shall ensure that as part of the free, prior and informed consultation process the affected communities are informed of their rights to such resources under statutory and customary law, of the scope and nature of the proposed development and of the potential effects of such development on their livelihoods, environments and use of these resources. The Indigenous Peoples Plan should include arrangements to enable the Indigenous Peoples to share equitably in the benefits of the development and at a minimum the Plan arrangements must ensure that the Indigenous Peoples receive, in a culturally appropriate manner, benefits, compensation and rights to due process at least equivalent to that to which any landowner with full legal title to the land would be entitled in the case of commercial development on their land.
- i) The borrower shall avoid relocation of Indigenous Peoples by exploring alternative project designs. In exceptional cases when avoidance of relocation is not feasible, it must only be carried out with broad support from the affected peoples' communities, following a resettlement plan prepared and implemented in accordance with Operational Policy 4.12 of the World Bank that is compatible with the Indigenous Peoples' cultural preferences and includes a land-based resettlement strategy.
- j) Involuntary restriction on Indigenous Peoples' access to legally designated parks and protected areas, in particular access to their sacred sites, should be avoided. Where such avoidance is not feasible, the borrower shall prepare, with free, prior and informed consultation of the affected peoples' communities, a process framework in accordance with the provisions of Operational Policy 4.12 that provides guidelines for preparation of a Management Plan of individual parks and protected areas and ensures participation in its design, implementation and benefits of the parks by Indigenous Peoples.

OP 4.11 –Physical Cultural Resources

- a) Physical cultural resources are defined as movable or immovable objects, sites, structures, groups of structures and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic or other cultural significance. They may be located in urban or rural settings, and may be above or below ground, or under water. Their cultural interest may be at the local, provincial, national or international level.
- b) Physical cultural resources should be included in the baseline data collection phase of the EIA process wherein those likely to be affected by the project are identified and the degree of impact assessed.
- c) When the project is likely to have adverse impacts on physical cultural resources, the borrower shall identify appropriate measures to avoid or mitigate these impacts as part of the EIA process. These measures may range from full site protection to

- selective mitigation, including salvage and documentation, in cases where a portion or all of the physical cultural resources may be lost.
- d) The borrower shall develop a Physical Cultural Resources Management Plan (or include such a plan within its overall Environmental Management Plan) that includes measures for avoiding or mitigating any adverse impacts on physical cultural resources, provisions for managing chance finds, any necessary measures for strengthening institutional capacity and a monitoring system to track the progress of these activities. The Plan should be consistent with the country's overall policy framework and national legislation, taking into account institutional capabilities with regard to physical cultural resources. The Plan and its recommendations will be reviewed by Ex-Im Bank, in consultation with the borrower, to determine whether it provides an adequate basis for proceeding with the processing of Bank financing.
 - e) The public consultation process of the EIA for the physical cultural resources component shall include relevant project-affected groups, concerned government authorities and relevant NGOs in documenting the presence and significance of physical cultural resources, assessing potential impacts and exploring avoidance and mitigation options.
 - f) The findings of the physical cultural resources component shall be disclosed as part of the EIA. Exceptions would be considered when the disclosure would compromise or jeopardize the safety or integrity of the physical cultural resources or endanger the source of information about the resources, in which cases sensitive information relating to particular aspects of the resources may be omitted from the EIA.

OP 4.12 – Involuntary Resettlement

- a) Upon identification of the need for involuntary resettlement in a project, the borrower shall carry out a **census** to identify the persons affected by the project with baseline data to determine who will be eligible for assistance and to discourage inflow of people ineligible for assistance. The borrower shall develop a **procedure** satisfactory to Ex-Im Bank that includes provisions for meaningful consultation with affected persons and communities, local authorities and, as appropriate, NGOs, for establishing the criteria by which displaced persons will be deemed eligible for resettlement, compensation or other resettlement assistance.
- b) For projects that cause the involuntary taking of land that results in relocation or loss of shelters, loss of assets or access to assets, loss of income sources or means of livelihood (whether or not the affected persons must move to another location) or the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons, the borrower shall prepare a **“Resettlement Plan”** to address the impacts caused by these actions.
- c) Where impacts on the displaced population are minor, or fewer than 200 people are displaced, the borrower shall prepare an abbreviated resettlement plan, acceptable to Ex-Im Bank.
- d) Elements required within the Resettlement Plan and an Abbreviated Resettlement Plan are set forth and described in the language of Annex A of Operational Policy 4.12 of the World Bank.
- e) The Resettlement Plan (RP) shall include measures to ensure that displaced persons are 1) informed about their options and rights pertaining to resettlement, 2) consulted

- on, offered choices among, and provided with technically and economically feasible resettlement alternatives, and 3) provided prompt and effective compensation at full replacement cost for losses or assets attributable directly to the project.
- f) If the impacts include physical relocation, the RP shall include measures to ensure that displaced persons are 1) provided assistance (moving allowances) during relocation and provided with residential housing or housing sites, or as required, agricultural sites for which a combination of productive potential, location advantages and other factors is at least equivalent to the advantages of the old site.
 - g) Where necessary, the RP should also include measures to ensure that displaced persons are 1) offered support after displacement for a transition period based on a reasonable estimate of the time likely needed to restore their livelihood and living standards, and provided with development assistance in addition to compensation measures such as land preparation, credit facilities, training or job opportunities.
 - h) In projects involving involuntary restriction of access to legally designated parks and protected areas, the nature of restrictions and type of measures needed to mitigate adverse impacts shall be determined with participation of the displaced persons during the design and implementation for the project, in accordance with a process framework describing the participatory process by which 1) specific components of the project will be prepared and implemented, 2) the criteria for eligibility of displaced persons will be determined, 3) measures to assist the displaced persons in the efforts to improve their livelihoods or at least restore them while maintaining the sustainability of the park or protected areas will be identified, and 4) potential conflicts involving displaced persons will be resolved.
 - i) Particular attention shall be paid to the needs of vulnerable groups among those displaced, especially those below the poverty line, the landless, the elderly, women and children, indigenous peoples, ethnic minorities or others who may not be protected through national land compensation legislation.
 - j) In the case of indigenous peoples with traditional land-based modes of production, the borrower shall explore all viable alternative project designs to avoid physical displacement. When avoidance is not feasible, preference shall be given to land-based resettlement strategies for these groups that are compatible with their cultural preferences and prepared in consultation with them.
 - k) The implementation of the resettlement activities must be linked to the implementation of the investment component of the project to ensure that necessary measures are in place before any displacement or access restriction occurs.
 - l) Preference should be given to land-based resettlement for displaced persons whose livelihoods are land-based, to include resettlement on public land or on private land acquired or purchased for resettlement. The productive potential, location advantages and other factors should be at least equivalent to that of the land taken. In cases where land is not the option of the displaced persons, or the provision of land would adversely affect a park or protected area, or sufficient land is demonstrated to the satisfaction of Ex-Im Bank as being unavailable, options built around opportunities for employment or self-employment should be provided in addition to compensation for the land and other assets lost.
 - m) Payment of cash compensation at levels sufficient to replace lost land and other assets at full replacement cost for lost assets may be appropriate where 1) a small fraction of the land is taken from persons having land-based livelihoods, and that fraction does not affect the viability of the residual land, 2) active markets for, and sufficient supply

- of land, housing and labor exist and are available to the displaced persons, and 3) livelihoods are not land-based.
- n) Displaced persons, their communities, and any host communities receiving them, shall be provided timely and relevant information, consulted on options and offered opportunities to participate in planning, implementing and monitoring resettlement. Appropriate and accessible grievance mechanisms shall be established for these groups.
 - o) In new resettlement sites or host communities, infrastructure and public services shall be provided as needed to improve, restore or maintain accessibility and levels of service. Alternative or similar resources shall be provided to compensate for loss of access to resources such as fishing areas, grazing areas, fuel or fodder.
 - p) To the extent possible, the existing social and cultural institutions of resettlers and any host communities should be preserved and resettlers' preferences with respect to relocating in preexisting communities and groups should be honored.
 - q) Displaced persons who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country, and those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets that are recognized under the laws of the country (or become recognized through a process identified in the RP) shall be provided assistance or compensation in accordance with paragraphs e, f, and g above.
 - r) Displaced persons who have no recognizable legal right or claim to the land they are occupying, provided they occupy the project area prior to a "cut-off" date established by the borrower and acceptable to Ex-Im Bank, should be provided resettlement assistance in lieu of compensation for the land they occupy and other assistance, as necessary, to improve their livelihood and standard of living, or at least to restore them to pre-displacement levels.
 - s) Persons who encroach on the project area after the cut-off date are not entitled to compensation or other resettlement assistance.
 - t) The borrower is responsible for preparing, implementing and monitoring the RP and reporting on the progress and subsequent status of the resettlement activities.

OP 4.36 – Forests

- a) Projects that have or may have impacts on the health and quality of forests, that affect the rights and welfare of people and their level of dependence upon or interaction with forests, and projects that aim to bring about changes in the management, protection or utilization of natural forests or plantations, whether they are publicly, privately, or communally owned are subject to the provisions of this Operational Policy. (Definitions of forests, natural forests, critical forest areas, etc. are provided in OP 4.36 of the World Bank.)
- b) Ex-Im Bank may not support projects that it determines would involve significant conversion or degradation of critical forest areas or related critical natural habitats. In the case of natural forests (as opposed to critical forest areas) if there are no feasible alternatives to the project and its siting, and a comprehensive analysis demonstrates that overall benefits from the project substantially outweigh the environmental costs, Ex-Im Bank may finance the project provided that it incorporates appropriate

- mitigation measures. Ex-Im Bank will not provide financial support for forestry projects that contravene applicable international environmental agreements.
- c) Ex-Im Bank may provide financial support for commercial harvesting operations though only when it determines, on the basis of the applicable environmental assessment or other relevant information, that the areas affected by the harvesting are not critical forests or related critical natural habitats.
 - d) To be eligible for Ex-Im Bank financing, industrial-scale commercial harvesting operations must also 1) be certified under an independent forest certification system acceptable to Ex-Im Bank as meeting standards of responsible forest management and use, or 2) where a pre-assessment under such an independent forest certification system determines that the operation does not yet meet such requirements, it must adhere to a time-bound phased action plan acceptable to Ex-Im Bank for achieving certification to such standards.
 - e) The forest certification system must require 1) compliance with relevant laws, 2) recognition of and respect for any legally documented or customary land tenure and use rights as well as the rights of indigenous peoples and workers, 3) measures to maintain or enhance sound and effective community relations, 4) conservation of biological diversity and ecological functions, 5) measures to maintain or enhance environmentally sound multiple benefits accruing from the forest, 6) prevention or minimization of the adverse environmental impacts from forest use, 7) effective forest management planning, 8) active monitoring and assessment of relevant forest management areas, and 9) the maintenance of critical forest areas and other critical natural habitats affected by the operation.
 - f) The forest certification system must be independent, cost effective and based on objective and measurable performance standards defined at the national level and compatible with internationally accepted principles and criteria of sustainable forest management. It must require independent, third-party assessment of forest management performance, and its standards must be developed with meaningful participation of local people and communities, indigenous peoples, NGOs representing consumer, producer and conservation interests, and other members of civil society, including the private sector. Decision-making procedures of the certification system shall be fair, transparent, independent and designed to avoid conflicts of interest.
 - g) As appropriate, the design of projects that use forest resources or provide environmental services should include an evaluation of the prospects for the development of new markets and marketing arrangements for non-timber forest products and related forest goods and services, taking into account the full range of goods and environmental services from well-managed forests.

OP 4.37 – Safety of Dams

- a) For the life of any dam, the owner is responsible for ensuring that appropriate measures are taken and sufficient resources provided for the safety of the dam, irrespective of its funding sources or construction status.
- b) All new dams supported by Ex-Im Bank shall be designed and supervised during construction by experienced and competent professionals, and the borrower shall

- adopt and implement certain dam safety measures for the design, bid tendering, construction, operation and maintenance of the dam and associated works.
- c) For small dams, normally less than 15 meters in height (farm ponds, local silt retention dams and low embankment tanks) generic dam safety measures designed by qualified engineers generally suffice.
 - d) For large dams (generally 15 meters or more in height, or less than 15 meters depending on design such as large flood-handling requirements, high seismicity zones, etc.) Ex-Im Bank shall require 1) reviews by an independent Panel of Experts of the investigation, design, construction and start of operations, 2) preparation and implementation of detailed construction supervision, quality assurance, instrumentation operations & maintenance and emergency preparedness plans, 3) prequalification of bidders during the procurement and bid tendering, and 4) periodic safety inspections following completion.
 - e) The Panel shall consist of three or more experts appointed by the borrower and acceptable to Ex-Im Bank, with expertise in the various technical fields relevant to the safety aspects of the particular dam. The primary purpose of the Panel is to review and advise the borrower on matters relative to dam safety and other critical aspects such as the appurtenant structures, catchment area, area surrounding the reservoir and downstream areas. The borrower is encouraged to extend the Panel's composition and terms of reference beyond safety to cover such areas as technical design, construction procedures, river diversion, power facilities, river navigation channels & locks, and fish ladders.
 - f) The borrower contracts the services of the Panel and provides it with administrative support. Beginning as early in project preparation as possible and continuing through the investigation, design, construction, reservoir filling and start-up phases, the borrower shall arrange for periodic Panel meetings and reviews, and it shall inform Ex-Im Bank in advance of such meetings in order to enable it to attend and monitor. After each meeting, the Panel shall provide the borrower a written report of its conclusions and recommendations, signed by each participating member, and the borrower shall promptly forward a copy of the report to Ex-Im Bank for its review.
 - g) Requirements for projects that rely on the performance of an existing dam or a dam under construction are set forth in Operational Policy 4.37 of the World Bank.

OP 7.50 Projects on International Waterways

- a) Recognizing the importance of cooperation and goodwill of riparian states for the efficient use and protection of international waterways, great importance is attached to the making of appropriate agreements or arrangements by these states that address the waterway or a part of the waterway (any river, canal, lake or similar body of water that form a boundary between, or any river or body of surface water that flows through two or more states or any bay, gulf, strait or channel bounded by two or more states or, if within one state, is recognized as a necessary channel of communication between the open sea and other states, and any river flowing into such waters).
- b) The international aspects of a project on an international waterway should be dealt with at the earliest possible opportunity. The state that proposed to undertake the project (beneficiary state) is required to formally notify the other riparian states of the proposed project and the project details.

- c) If a prospective borrower objects to notifying other riparian states of the proposed project, Ex-Im Bank will cease processing the application for financing.
- d) Following notification, if the other riparian states raise objections to the proposed project, then, as appropriate, one or more independent experts, acceptable to Ex-Im Bank should be appointed to examine the issues in accordance with this Operational Policy. The other riparian states should be formally notified of a decision to proceed with the project despite objections of these riparian states.
- e) In the case of ongoing projects involving additions or alterations that require rehabilitation, construction or other changes that will not adversely change the quality or quantity of water flows to the other riparian states, nor adversely affect their possible water use, notification of the other riparian states is not required.

OP 7.60 – Projects in Disputed Areas

- a) Any dispute over an area in which a proposed project is located should be dealt with at the earliest possible stage.
- b) Ex-Im Bank may support a project in a disputed area if the governments concerned agree that, pending the settlement of the dispute, the project proposed for country A should go forward without prejudice to the claims of country B.

IFC Environmental Health and Safety (EHS) Guidelines

The EHS Guidelines of the IFC are intended to supplement the World Bank Operational Safeguard Policies. They provide technical references with general and industry-specific examples of Good International Industry Practices on pollution prevention and abatement as referenced in Operational Policy 4.01. Although OP 4.01 refers to measures described in the *Pollution Prevention and Abatement Handbook* (PPAH) that was published in 1998, Ex-Im Bank will evaluate projects on the more current measures and guidelines described in the EHS that were recently approved by the IFC. Copies of the EHS Guidelines are available from Ex-Im Bank or can be downloaded at:

<http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines>

The EHS Guidelines contain environmental performance levels and measures for projects in various industrial sectors that are considered to be achievable in new facilities at reasonable costs using existing technology. The EIA process may recommend alternative levels or measures, which, if acceptable to Ex-Im Bank, become project requirements. When host country regulations differ from the levels and measures presented in the EHS Guidelines, projects are expected to achieve whichever is more stringent. If less stringent levels or measures are proposed in view of project circumstances, a full and detailed justification for any proposed alternatives is required as part of the site-specific environmental assessment, demonstrating that selection of the alternative performance level is protective of human health and the environment.

Ex-Im Bank's Engineering & Environment Division will decide on a case-by-case basis the appropriate application of the EHS Guidelines to a particular project in consultation with the transaction parties, in a manner consistent with Ex-Im Bank's charter.

The following is a list of the various EHS Guidelines:

I: General EHS Guidelines

The General EHS Guidelines contain information on cross-cutting environmental, health, and safety issues potentially applicable to all industry sectors. They are designed to be used together with the relevant industry sector guideline(s) that are listed below.

- 1. Environmental** (air emissions, ambient air quality, wastewater and ambient water quality, hazardous materials management, waste management, noise, etc.)
- 2. Occupational Health and Safety** (general facility design & operation, communications & training, physical hazards, chemical hazards, biological hazards, radiological hazards, personal protective equipment, special hazard environments, monitoring, etc.)
- 3. Community Health and Safety** (water quality and availability, structural safety of project infrastructure, life and fire safety, traffic safety, transport of hazardous materials, disease prevention, emergency preparedness & response, etc.)
- 4. Construction and Decommissioning** (environment, occupational health & safety, community health & safety)

II: Industry Sector Guidelines

Forestry

[Board and Particle-based Products](#)
[Sawmilling and Wood-based Products](#)
[Forest Harvesting Operations](#)
[Pulp and Paper Mills](#)

Agribusiness/Food Production

[Mammalian Livestock Production](#)
[Poultry Production](#)
[Plantation Crop Production](#)
[Annual Crop Production](#)
[Aquaculture](#)
[Sugar Manufacturing](#)
[Vegetable Oil Processing](#)
[Dairy Processing](#)
[Fish Processing](#)
[Meat Processing](#)
[Poultry Processing](#)
[Breweries](#)
[Food and Beverage Processing](#)

General Manufacturing

[Cement and Lime Manufacturing](#)
[Ceramic Tile and Sanitary Ware Manufacturing](#)
[Glass Manufacturing](#)
[Construction Materials Extraction](#)
[Textiles Manufacturing](#)
[Tanning and Leather Finishing](#)
[Semiconductors and Electronics Manufacturing](#)
[Printing](#)
[Foundries](#)
[Integrated Steel Mills](#)
[Base Metal Smelting and Refining](#)
[Metal, Plastic, Rubber Products Manufacturing](#)

Oil and Gas

[Offshore Oil and Gas Development](#)
[Onshore Oil and Gas Development](#)
[Liquefied Natural Gas \(LNG\) Facilities](#)

Infrastructure

[Tourism and Hospitality Development](#)
[Railways](#)
[Ports, Harbors and Terminals](#)
[Airports](#)
[Airlines](#)
[Shipping](#)
[Gas Distribution Systems](#)
[Toll Roads](#)
[Telecommunications](#)
[Crude Oil and Petroleum Product Terminals](#)
[Retail Petroleum Networks](#)
[Health Care Facilities](#)
[Waste Management Facilities](#)
[Water and Sanitation](#)

Chemicals

[Pharmaceuticals and Biotechnology Manufacturing](#)
[Coal Processing](#)
[Natural Gas Processing](#)
[Oleochemicals Manufacturing](#)
[Nitrogenous Fertilizer Manufacturing](#)
[Phosphate Fertilizer Manufacturing](#)
[Pesticides Formulation, Manufacturing and Packaging](#)
[Petroleum-based Polymers Manufacturing](#)
[Petroleum Refining](#)
[Large Volume Petroleum-based Organic Chemicals Manufacturing](#)
[Large Volume Inorganic Compounds Manufacturing and Coal Tar Distillation](#)

Mining

[Mining](#)

Power

[Wind Energy](#)
[Geothermal Power Generation](#)
[Electric Power Transmission and Distribution](#)
[Thermal Power](#)

TABLE 3

Environmental Guidelines for Category B Projects *Required Guidelines for all projects that are classified as “Category B”*

1) Existing Projects Undergoing No Material Change in Output or Function

For existing physical projects undergoing no material change in output or function, applicants are required to furnish information relating to the project’s environmental impacts, including information as to the project’s level of compliance with host country environmental guidelines. For such existing projects, Ex-Im Bank’s review will focus on the environmental risks arising from the existing project, taking into account the project’s industrial sector, location and other available information relating to environmental impacts. Existing projects are expected to comply with host country environmental standards and guidelines.

2) New Projects and Projects Undergoing Material Change in Output or Function

Consistent with the OECD Common Approaches, all new projects or projects undergoing material change in output or function (“expansion projects”) that are subject to environmental review will be benchmarked against host country standards and relevant aspects of the World Bank Group environmental guidelines.

The scope of environmental review for new and expansion projects classified as Category B may vary from project to project. Because the potential impacts of such Category B projects are less adverse (and generally narrower in scope) than Category A projects, Ex-Im Bank does not require the submission of an Environmental Impact Assessment (EIA) for Category B projects. For Category B projects, applicants are required to furnish environmental information sufficient for Ex-Im Bank to identify the extent of the adverse environmental impacts and to enable it to review the adequacy of measures to reduce, prevent or mitigate these impacts. For Category B projects, this type of information generally is focused on, but not necessarily limited to, the type and level of emissions, effluents and waste products produced by the project, the degree of the project’s water usage, its noise levels and other information related to the expected environmental performance of the project. Such environmental information about the project should be readily available from the buyer and/or major suppliers.

The environmental effects of all new and expansion projects categorized as B will be evaluated against host country guidelines, and against the requirements and recommendations contained in the Environmental Health and Safety Guidelines (EHS) of the IFC that are relevant to the particular industrial sector of the project. In addition, for those Category B projects for which certain more complex environmental effects are identified, those project impacts may be evaluated against applicable elements of the World Bank Safeguard Policies (Operational Policies) (for public sector projects), or against applicable elements of the IFC Performance Standards (for private sector projects).

In the case of Category B expansion projects, Ex-Im Bank's environmental review will focus on the environmental effects associated with the actual expansion/upgrade portion, including its adherence to host-country and relevant EHS Guidelines. The existing portion of the project is expected to meet host country environmental standards and guidelines. If the existing facility is determined to have continuing serious adverse environmental effects, the expansion project is expected to include adoption of appropriate mitigation measures for the existing facility.

Ex-Im Bank will inform applicants if they are required to provide environmental information related to associated operations of a Category B project.

IFC Environmental Health and Safety (EHS) Guidelines

The EHS Guidelines are intended to supplement the IFC Performance Standards and the World Bank Safeguard Policies (Operational Policies). These guidelines provide technical references with general and industry-specific examples of Good International Industry Practices and can be downloaded at:

<http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines>

The EHS Guidelines contain environmental performance levels and measures for projects in various industrial sectors that are considered to be achievable in new and expansion facilities at reasonable costs using existing technology. When host country regulations differ from the levels and measures presented in the EHS Guidelines, projects are expected to achieve whichever is more stringent. If less stringent levels or measures are proposed in view of project circumstances, a full and detailed justification for any proposed alternatives is required as part of the site-specific environmental assessment, demonstrating that selection of the alternative performance level is protective of human health and the environment.

The following is a list of the various EHS Guidelines:

I: General EHS Guideline

The General EHS Guidelines contain information on cross-cutting environmental, health, and safety issues potentially applicable to all industry sectors. These are designed and should be used together with the relevant industry sector guideline(s) that are listed below.

- 1. Environmental** (air emissions, ambient air quality, wastewater and ambient water quality, hazardous materials management, waste management, noise, etc.)
- 2. Occupational Health and Safety** (general facility design & operation, communications & training, physical hazards, chemical hazards, biological hazards, radiological hazards, personal protective equipment, special hazard environments, monitoring, etc.)
- 3. Community Health and Safety** (water quality and availability, structural safety of project infrastructure, life and fire safety, traffic safety, transport of hazardous materials, disease prevention, emergency preparedness & response, etc.)
- 4. Construction and Decommissioning** (environment, occupational health & safety, community health & safety, etc.)

II: Industry Sector Guidelines

Forestry

[Board and Particle-based Products](#)
[Sawmilling and Wood-based Products](#)
[Forest Harvesting Operations](#)
[Pulp and Paper Mills](#)

Agribusiness/Food Production

[Mammalian Livestock Production](#)
[Poultry Production](#)
[Plantation Crop Production](#)
[Annual Crop Production](#)
[Aquaculture](#)
[Sugar Manufacturing](#)
[Vegetable Oil Processing](#)
[Dairy Processing](#)
[Fish Processing](#)
[Meat Processing](#)
[Poultry Processing](#)
[Breweries](#)
[Food and Beverage Processing](#)

General Manufacturing

[Cement and Lime Manufacturing](#)
[Ceramic Tile and Sanitary Ware Manufacturing](#)
[Glass Manufacturing](#)
[Construction Materials Extraction](#)
[Textiles Manufacturing](#)
[Tanning and Leather Finishing](#)
[Semiconductors and Electronics Manufacturing](#)
[Printing](#)
[Foundries](#)
[Integrated Steel Mills](#)
[Base Metal Smelting and Refining](#)
[Metal, Plastic, Rubber Products Manufacturing](#)

Oil and Gas

[Offshore Oil and Gas Development](#)
[Onshore Oil and Gas Development](#)
[Liquefied Natural Gas \(LNG\) Facilities](#)

Infrastructure

[Tourism and Hospitality Development](#)
[Railways](#)
[Ports, Harbors and Terminals](#)
[Airports](#)
[Airlines](#)
[Shipping](#)
[Gas Distribution Systems](#)
[Toll Roads](#)
[Telecommunications](#)

[Crude Oil and Petroleum Product Terminals](#)
[Retail Petroleum Networks](#)
[Health Care Facilities](#)
[Waste Management Facilities](#)
[Water and Sanitation](#)

Chemicals

[Pharmaceuticals and Biotechnology Manufacturing](#)
[Coal Processing](#)
[Natural Gas Processing](#)
[Oleochemicals Manufacturing](#)
[Nitrogenous Fertilizer Manufacturing](#)
[Phosphate Fertilizer Manufacturing](#)
[Pesticides Formulation, Manufacturing and Packaging](#)
[Petroleum-based Polymers Manufacturing](#)
[Petroleum Refining](#)
[Large Volume Petroleum-based Organic Chemicals Manufacturing](#)
[Large Volume Inorganic Compounds Manufacturing and Coal Tar Distillation](#)

Mining

[Mining](#)

Power

[Wind Energy](#)
[Geothermal Power Generation](#)
[Electric Power Transmission and Distribution](#)
[Thermal Power](#)